



# SUNeVision Holdings Ltd. 新意網集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

*(於開曼群島註冊成立之有限公司)*

Stock Code 股份代號 : 8008



## 2012-2013

### First Quarterly Report 第一季度業績報告

Results for the three months ended 30 September 2012  
截至2012年9月30日止三個月業績



The technology arm of Sun Hung Kai Properties

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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This report, for which the directors (the “Directors”) of SUNEvision Holdings Ltd. (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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### **CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS**

This report is now available in printed form in English and in Chinese, and on the website of the Company.

If (i) registered shareholders/noteholders who have received or chosen to receive a printed copy of this report wish to receive the same in the other language to that chosen by the registered shareholders/noteholders; or (ii) registered shareholders/noteholders who have received or chosen to receive this report by electronic means wish to receive a printed copy, or who for any reason have difficulty in receiving or gaining access to this report on the Company’s website, they may obtain the same free of charge by sending a request to (a) in the case of registered shareholders, the Company’s Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited by post to 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong or by email at [sunevision@computershare.com.hk](mailto:sunevision@computershare.com.hk); or (b) in the case of noteholders, the Company’s registrar in respect of the convertible notes, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen’s Road East, Hong Kong or by email at [sunevision-ecom@hk.tricorglobal.com](mailto:sunevision-ecom@hk.tricorglobal.com).

For registered shareholders/noteholders who wish to change their choice of language or means of receipt of the Company’s future corporate communications free of charge, they could at any time notify (i) in the case of registered shareholders, the Company’s Hong Kong branch share registrar and transfer office by post or by email (at the address or email address mentioned above); or (ii) in the case of noteholders, the Company’s registrar in respect of the convertible notes by post or by email (at the address or email address mentioned above).

## Highlights

- SUNeVision reported a profit attributable to the owners of the Company of HK\$88.4 million for the first quarter ended 30 September 2012
- The Group's revenue was HK\$181.2 million for the quarter, an increase of HK\$10.1 million when compared to the same period of the previous financial year
- Gross margin for the quarter was at approximately 57%, marginally higher than the level of the past few quarters and translating into a gross profit of HK\$103.9 million
- Other income, being income in addition to revenue from operations, was HK\$9.5 million and compares to the HK\$8.7 million from the same quarter of the previous financial year
- Operating expenditures amounted to HK\$9.7 million, which is at a similar level to the corresponding period of the previous financial year
- The Group's financial position remains strong, with approximately HK\$1,556.4 million in cash and interest-bearing securities on hand

	<b>Jul to Sep 2012 HK\$'M</b>	Jul to Sep 2011 HK\$'M
Revenue	<b>181.2</b>	171.0
Gross profit	<b>103.9</b>	88.5
– as a percentage of revenue	<b>57%</b>	52%
Other income	<b>9.5</b>	8.7
Operating expenditures *	<b>(9.7)</b>	(9.8)
Profit before taxation	<b>103.7</b>	87.4
Income tax expense	<b>(15.3)</b>	(13.2)
Profit for the period attributable to the owners of the Company	<b>88.4</b>	74.2

\* Selling, general and administrative expenses

## Chairman's Statement

SUNeVision started the 2012/13 financial year with a profit attributable to the owners of the Company of HK\$88.4 million, achieved for the first quarter ended 30 September 2012.

Revenue of the Group for the quarter was HK\$181.2 million, an increase of HK\$10.1 million when compared to the same period a year ago, largely as a result of contributions from our data centre businesses. Gross margin for the reporting period was at approximately 57%, marginally higher than the level of the past few quarters and translating into a gross profit of HK\$103.9 million for the quarter.

Other income, being income in addition to revenue from operations, was HK\$9.5 million and compares to the HK\$8.7 million from the same quarter of the previous financial year.

Operating expenditures amounted to HK\$9.7 million, which is at a similar level to the corresponding period of the 2011/12 financial year.

Stable revenues and effective cost management have contributed to the Group's operating profitability, and after allowing for taxation, the Group reported a profit attributable to the owners of the Company of HK\$88.4 million for the reporting quarter, representing a 19.0% increase over the same period in the previous financial year.

The Group's financial position remains strong, with approximately HK\$1,556.4 million in cash and interest-bearing securities on hand as of 30 September 2012. Payments of the HK\$330.7 million final dividend and distribution for the 2011/12 financial year, representing the full distribution of the underlying profit, as approved by the shareholders on 1 November 2012, will be made before the end of this month.

iAdvantage continued to attract new businesses and successfully renewed its existing contracts with major customers during the quarter. Overall occupancy of its data centres was approximately 78%. Other businesses of the Group continued to deliver quality services to their customers.

In addition to exploring new business prospects to fill its existing data centres, iAdvantage will continue its pursuit of growth and its active evaluation of investment opportunities in data centres. iAdvantage is fully committed to meet customers' stringent requirements and will further invest in data centre infrastructure, facilities and services to serve market demand. The last-mile connectivity businesses will carry on leveraging the parent company's significant relationships.

I would like to close by thanking the Board, management and every member of the dedicated staff for their hard work, and our shareholders for their continued confidence and support.

**Kwok Ping-luen, Raymond**

*Chairman*

Hong Kong, 7 November 2012

# Chief Executive Officer's Report

## OVERVIEW

SUNeVision reported its unaudited results for the first quarter of the 2012/13 financial year with a profit attributable to the owners of the Company of HK\$88.4 million, reflecting the Group's ability to maintain the favourable trend established in the previous financial years of improvements in operating profitability. The results for the 3-months ended 30 September 2012 showed a period of period improvement of approximately HK\$14.1 million or 19.0%.

## BUSINESS REVIEW

### **iAdvantage**

iAdvantage maintained its market position as one of the major carrier-neutral data centre service operators in Hong Kong. iAdvantage's world class facilities and services enabled it to satisfy customers' stringent requirements for outsourcing, business continuity and other mission critical operations.

In addition to serving customers' new needs and expansion requirements, iAdvantage continued its endeavours in acquiring additional data centre space and has been upgrading its data centre facilities and infrastructure with a view to enhancing its services and fulfilling customer needs.

As reported previously, construction work at the new space in Sha Tin has been well on track, with the new space being expected to be ready for service by end of year 2012.

With its solid experience and proven track records, iAdvantage is well positioned to attract and capture new demands from high quality customers.

### **Super e-Technology**

Super e-Technology has successfully secured 21 contracts for the installation of security, surveillance, SMATV and IT systems with a combined contract sum of more than HK\$16.1 million.

It maintains a positive outlook on the security, surveillance and SMATV sectors, and has been actively pursuing opportunities to broaden its service offerings to cover additional sectors.

**Super e-Network**

Super e-Network has been actively working on capturing more wireless infrastructure contracts as WiFi services are gaining popularity in the market.

It continues to improve on quality and provide cost effective solutions to its customers amid a highly competitive market.

**Investment**

The Group has maintained a prudent and conservative approach to investing and continued to evaluate investment opportunities carefully, particularly those which are considered relevant to the further growth of the Group's core businesses.

I would like to close by thanking the Board for its guidance, the dedicated staff for their commitment and hard work, and our shareholders for their confidence and support.

**Tsim Wing-kit, Alfred**

*Chief Executive Officer*

Hong Kong, 7 November 2012

## Quarterly Results

For the period ended 30 September 2012 (Unaudited)

The Board of Directors of SUNeVision Holdings Ltd. (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (the "Group") for the three months ended 30 September 2012 together with the comparative unaudited figures for the corresponding period in 2011 as follows:

### Consolidated Income Statement

	Notes	Three months ended 30 September	
		2012 HK\$'000	2011 HK\$'000
Revenue	2	<b>181,158</b>	171,019
Cost of sales		<b>(77,250)</b>	(82,521)
Gross profit		<b>103,908</b>	88,498
Other income	3	<b>9,543</b>	8,776
Selling expenses		<b>(1,729)</b>	(2,539)
Administrative expenses		<b>(7,981)</b>	(7,291)
Profit before taxation		<b>103,741</b>	87,444
Income tax expense	4	<b>(15,385)</b>	(13,196)
Profit for the period attributable to the owners of the Company		<b>88,356</b>	74,248
Earnings per share	5		
– Basic (Remark)		<b>2.19 cents</b>	1.83 cents

Remark:

Upon completion of the bonus issue of shares (with a convertible note alternative) on 25 November 2010, the Company had 2,342,675,478 ordinary shares in issue and outstanding notes convertible into 1,720,292,188 fully paid ordinary shares, representing a total of 4,062,967,666 shares which form the basis for the calculation of basic earnings per share. Adjustments are made in respect of shares repurchased. Details of earnings per share calculation and the Company's share capital are set out in notes 5 and 7 respectively.

## Consolidated Statement of Comprehensive Income

	Three months ended 30 September	
	2012 HK\$'000	2011 HK\$'000
Profit for the period	<b>88,356</b>	74,248
Other comprehensive income/(expense) for the period		
Change in fair value of investments	<b>10,594</b>	(18,191)
Exchange differences arising from translation of operations outside Hong Kong	<b>(11)</b>	205
Release upon redemption of debt securities	–	(860)
	<b>10,583</b>	(18,846)
<b>Total comprehensive income for the period</b>	<b>98,939</b>	55,402
Total comprehensive income attributable to:		
Owners of the Company	<b>98,983</b>	55,151
Non-controlling interests	<b>(44)</b>	251
	<b>98,939</b>	55,402

# Notes to the Quarterly Results

## 1. BASIS OF PREPARATION

The Group's unaudited financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The principal accounting policies used in the quarterly financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 30 June 2012.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning 1 July 2012, the application has no material impact on the reported results and the financial position of the Group for the current and/or prior accounting periods. For those which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

## 2. REVENUE

Revenue represents the aggregate of income from data centre and information technology facilities, installation and maintenance of satellite master antenna television, communal aerial broadcast distribution, structural cabling and security systems, property rentals and building management services, after elimination of all significant inter-company transactions between group companies.

## 3. OTHER INCOME

	Three months ended 30 September	
	2012 HK\$'000	2011 HK\$'000
Interest income	9,428	7,748
Gain on redemption of debt securities	–	860
Miscellaneous	115	168
	<b>9,543</b>	<b>8,776</b>

#### 4. INCOME TAX EXPENSE

	Three months ended 30 September	
	2012 HK\$'000	2011 HK\$'000
Current tax		
– Hong Kong profits tax	15,919	14,299
– PRC Enterprise Income Tax	–	550
	<b>15,919</b>	14,849
Deferred tax credit	(534)	(1,653)
	<b>15,385</b>	13,196

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for both periods.

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25%.

#### 5. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Three months ended 30 September	
	2012 HK\$'000	2011 HK\$'000
Earnings for the purposes of basic earnings per share	88,356	74,248

  

	2012		2011	
	Number of shares		Number of shares	
Weighted average number of ordinary shares for the purposes of basic earnings per share	4,042,399,666		4,049,323,579	

## 5. EARNINGS PER SHARE (continued)

For the purposes of earnings per share, the weighted average number of ordinary shares is calculated after taking into account the effect of the issuance of bonus shares (with a convertible note alternative) in November 2010. Details of the issuance of bonus shares are set out in note 7.

There were no dilutive potential ordinary shares in existence during the three months ended 30 September 2012 and 2011.

## 6. RESERVES

	Three months ended 30 September						2011 Total HK\$'000
	2012						
	Share premium HK\$'000	Reserve arising from issuance of convertible notes HK\$'000 (Note 1)	Exchange reserve HK\$'000	Investments revaluation reserve HK\$'000	Retained profits HK\$'000 (Note 2)	Total HK\$'000	
At beginning of the period	2,315,239	172,017	1,651	34,696	295,570	2,819,173	2,646,614
Profit for the period	-	-	-	-	88,356	88,356	74,248
Change in fair value of investments	-	-	-	10,594	-	10,594	(18,191)
Release upon redemption of debt securities	-	-	-	-	-	-	(860)
Exchange differences arising from translation of operations outside Hong Kong	-	-	33	-	-	33	(46)
Total comprehensive income for the period	-	-	33	10,594	88,356	98,983	55,151
Shares repurchased and cancelled	-	-	-	-	-	-	(2,107)
Conversion of convertible notes	-	-	-	-	-	-	-
At end of the period	2,315,239	172,017	1,684	45,290	383,926	2,918,156	2,699,658

## 6. RESERVES (continued)

### Notes:

1. Pursuant to an ordinary resolution in relation to the bonus issue of shares (with a convertible note alternative) passed at the extraordinary general meeting of the Company held on 1 November 2010, 311,191,645 bonus shares of HK\$0.1 each were issued on 25 November 2010 on the basis of one bonus share for every existing share held by the shareholders of the Company whose names appeared on the register of members of the Company on 1 November 2010.

Reserve arising from issuance of convertible notes was then capitalised from the Company's share premium account for the purpose of issue of new shares upon conversion of the convertible notes ("Notes") which were constituted by the deed poll dated 25 November 2010. This reserve balance represented the aggregate amount of the Notes outstanding at the period end. No Notes were exercised and converted into shares by noteholders during the three months ended 30 September 2012 (2011: 500). As a result, 1,720,170,135 of the Notes remained outstanding as at 30 September 2012 (2011: 1,720,191,635).

The Notes are unlisted, non-transferable and irredeemable but have conversion rights entitling the noteholders to convert into an equivalent number of shares as the number of bonus shares which the noteholders would otherwise be entitled to receive under the bonus issue had the shareholder not elected for the Notes. The Notes do not carry voting rights at any general meeting of shareholders of the Company. The noteholders can exercise the conversion rights at anytime after the issue of the Notes, subject to the terms and conditions of the deed poll constituting the Notes. The Notes were recognised as equity and are presented in reserves as reserve arising from issuance of convertible notes.

2. At a meeting held on 11 September 2012, the Board recommended the declaration of a final dividend of HK8.18 cents per share for the year ended 30 June 2012. This proposed dividend was not included as a dividend payable in the consolidated statement of financial position as at 30 September 2012.

## 7. SHARE CAPITAL

	<b>Number of ordinary shares</b>	<b>Amount <i>HK\$'000</i></b>
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 July 2011, 30 June 2012 and 30 September 2012	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 July 2011	2,329,207,531	232,921
Conversion of convertible notes	22,000	2
Shares repurchased and cancelled	(7,000,000)	(700)
At 30 June 2012 and 30 September 2012	2,322,229,531	232,223

Pursuant to an ordinary resolution in relation to the bonus issue of shares (with a convertible note alternative) passed at the extraordinary general meeting of the Company held on 1 November 2010, 311,191,645 bonus shares of HK\$0.1 each were issued on 25 November 2010 to the shareholders who were entitled to those bonus shares and did not elect to receive the convertible notes.

Convertible notes in the amount of HK\$172,029,218.80 were issued to shareholders who elected for the convertible note alternative, and the same amount was capitalised from the Company's share premium account as reserve arising from issuance of convertible notes. Holders of the convertible notes are entitled to convert into an equivalent number of shares as the number of bonus shares which the noteholders would otherwise be entitled to receive under the bonus issue. Accordingly, convertible notes can be converted into ordinary shares of HK\$0.1 each on a one-to-one basis.

During the three months ended 30 September 2012, no convertible notes were exercised and converted into ordinary shares of the Company (2011: 500).

7. SHARE CAPITAL (continued)

	<b>Number of fully paid ordinary shares to be issued/(issued) upon conversion</b>	<b>Amount HK\$'000</b>
Reserve arising from issuance of convertible notes in November 2010	1,720,292,188	172,029
Conversion of convertible notes	(100,053)	(10)
At 30 June 2011	1,720,192,135	172,019
Conversion of convertible notes	(22,000)	(2)
At 30 June 2012 and 30 September 2012	1,720,170,135	172,017

Upon conversion of all the outstanding convertible notes, the issued share capital of the Company would be 4,042,399,666 fully paid ordinary shares of HK\$0.1 each.

Details of the bonus issue of shares (with a convertible note alternative) are set out in the circular of the Company dated 29 September 2010.

## Dividend

The board of Directors (the “Board”) of the Company does not recommend the payment of an interim dividend for the three months ended 30 September 2012 (2011: Nil).

## Directors’ Interests

As at 30 September 2012, the interests and short positions of Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required, pursuant to Rules 5.46 to 5.67 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”), to be notified to the Company and the Stock Exchange, were as follows:

### 1. LONG POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of Director	Number of shares held			Total	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.09.2012
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests				
Kwok Ping-luen, Raymond	-	-	3,485,000 <sup>1&amp;2</sup>	3,485,000	-	3,485,000	0.15
Kwok Ping-kwong, Thomas	-	-	2,140,000 <sup>1</sup>	2,140,000	-	2,140,000	0.09
So Chung-keung, Alfred	-	1,086	-	1,086	-	1,086	0
King Yeo-chi, Ambrose	1,000	-	-	1,000	-	1,000	0

Notes:

- Of these shares in the Company, Messrs. Kwok Ping-luen, Raymond and Kwok Ping-kwong, Thomas were deemed to be interested in 2,140,000 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts, which represented the same interests and were therefore duplicated between these two Directors for the purpose of Part XV of the SFO.
- In addition to the deemed interests as stated in Note 1 above, Mr. Kwok Ping-luen, Raymond was also deemed to be interested in another 1,345,000 shares in the Company by virtue of him being a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.

3. The disclosure of the interests in shares of Mr. Kwok Ping-sheung, Walter in this report has not been endorsed by Mr. Kwok Ping-sheung, Walter and:

- (1) By a letter from Mr. Kwok Ping-sheung, Walter to the Company dated 6 October 2011, Mr. Kwok Ping-sheung, Walter (after defining "Share Interest" to mean his share interest in the Company) stated as follows:  
 "...my understanding of the Share Interest that I should have is differed [sic] from the recent information provide to me by the HSBC Trustee (C.I.) Limited ("HSBCCI"). HSBCCI has refused to furnish me information which demonstrates their claim of my Share Interest. HSBCCI is the Trustee of the Trust which holds all the share interest of SUNeVision of the whole Kwok family. There is clearly a serious dispute (the "Dispute") in my Share Interest and accordingly I am advised not to endorse any information relating to any Share Interest pending the outcome of the settlement of the Dispute."
- (2) By a letter from Mr. Kwok Ping-sheung, Walter to the Company dated 27 October 2011, in response to a statement of disclosure of interests sent by the Company to Mr. Kwok Ping-sheung, Walter for reconfirming his interests and short positions in shares and in respect of equity derivatives, underlying shares and debentures of the Company and its associated corporations as of 30 September 2011, Mr. Kwok Ping-sheung, Walter repeated the following:  
 "There is clearly a serious dispute (the "Dispute") in the Share Interest and accordingly I am advised not to endorse any information relating to any Share Interest pending the outcome of the settlement of the Dispute."

The "no interest" position of Mr. Kwok Ping-sheung, Walter in the Company as disclosed here is based on the latest form of disclosure notification dated 23 September 2009 given under Part XV of the SFO.

## 2. LONG POSITION IN SHARES AND UNDERLYING SHARES OF ASSOCIATED CORPORATIONS OF THE COMPANY

### (a) Sun Hung Kai Properties Limited ("SHKP")

Name of Director	Number of shares held					Total	Number of underlying shares held under equity derivatives <sup>5</sup>	Total	% of shares in issue as at 30.09.2012
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests	Total				
Kwok Ping-luen, Raymond	76,894	-	-	416,726,278 <sup>1283</sup>	416,803,172	100,000	416,903,172	15.94	
Kwok Ping-kwong, Thomas	2,026,195	304,065	-	413,503,195 <sup>1284</sup>	415,833,455	148,000	415,981,455	15.90	
Tung Chi-ho, Eric	-	-	-	-	-	80,000	80,000	0	
Wong Chin-wah	20,000	-	-	-	20,000	80,000	100,000	0	
So Wai-kei, Godwin	-	-	-	-	-	24,000	24,000	0	
Kwok Ping-sheung, Walter	75,000	-	-	1,087,663,522	1,087,738,522	-	1,087,738,522 <sup>6</sup>	41.58	
Chan Kui-yuen, Thomas	-	66,000	126,500 <sup>7</sup>	-	192,500	100,000	292,500	0.01	
So Chung-keung, Alfred	191,313	6,500	-	-	197,813	80,000	277,813	0.01	
Siu Hon-wah, Thomas	-	-	-	7,000 <sup>8</sup>	7,000	-	7,000	0	
Kwok Kwok-chuen	-	-	-	15,639 <sup>9</sup>	15,639	-	15,639	0	

Notes:

1. Each of Mr. Kwok Ping-luen, Raymond and Mr. Kwok Ping-kwong, Thomas was deemed to be interested in 392,963,316 shares in SHKP respectively by virtue of each of them being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO. Of the said shares, 28,764,614 shares in SHKP represented the same interests and were duplicated between these two Directors.
2. On 2 November 2010, the trustee of certain trusts, which were then indirectly interested in a total of 1,081,739,328 shares in SHKP, informed the Company that consequent upon a re-organisation of such trusts, the “interests” as deemed under the provisions of the SFO of the various Kwok family members who are and one of them was director(s) of SHKP in the said 1,081,739,328 shares in SHKP with effect from 29 September 2010 were as follows:
  - “1. Madam Kwong Siu Hing continues to be interested in all the said 1,081,739,328 shares in SHKP;
  2. Each of Mr Kwok Ping Kwong Thomas and Mr Kwok Ping Luen Raymond is interested in 371,286,430 shares out of the said 1,081,739,328 shares in SHKP; and
  3. Mr Kwok Ping Sheung Walter is not interested in any of the said 1,081,739,328 shares in SHKP.”
3. In addition to the deemed interests as stated in Note 1 above, Mr. Kwok Ping-luen, Raymond was also deemed to be interested in another 23,762,962 shares in SHKP by virtue of him being a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.
4. In addition to the deemed interests as stated in Note 1 above, Mr. Kwok Ping-kwong, Thomas was also deemed to be interested in another 20,539,879 shares in SHKP by virtue of him being a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.
5. These represented the interests in the underlying shares of SHKP in respect of the share options (which are unlisted and physically settled equity derivatives) granted by SHKP under its share option scheme. Particulars of such share options and their movements during the three months ended 30 September 2012 were as follows:

Name of Director	Date of grant	Exercise price per share	Number of share options				Outstanding as at 30.09.2012
			Balance as at 01.07.2012	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	
			<i>HK\$</i>				
Kwok Ping-luen, Raymond	12.07.2010	111.40	100,000	-	-	-	100,000
Kwok Ping-kwong, Thomas	12.07.2010	111.40	148,000*	-	-	-	148,000
Tung Chi-ho, Eric	12.07.2010	111.40	80,000	-	-	-	80,000
Wong Chin-wah	12.07.2010	111.40	80,000	-	-	-	80,000
So Wai-kei, Godwin	12.07.2010	111.40	24,000	-	-	-	24,000
Chan Kui-yuen, Thomas	12.07.2010	111.40	100,000	-	-	-	100,000
So Chung-keung, Alfred	12.07.2010	111.40	80,000	-	-	-	80,000

\* Of these 148,000 share options, Mr. Kwok Ping-kwong, Thomas was deemed to be interested in 48,000 share options by virtue of his spouse's interests in such share options.

The exercise period of the above-mentioned share options of SHKP is from 12 July 2011 to 11 July 2015. Such share options can be exercised up to 30% of the grant during the period from 12 July 2011 to 11 July 2012, up to 60% of the grant during the period from 12 July 2012 to 11 July 2013 and in whole or in part of the grant during the period from 12 July 2013 to 11 July 2015.

6. The disclosure of these interests in this report has not been endorsed by Mr. Kwok Ping-sheung, Walter. In so far as may be relevant, notes 3(1) and (2) under paragraph 1 (Long position in shares and underlying shares of the Company) are reproduced below:

“(1) By a letter from Mr. Kwok Ping-sheung, Walter to the Company dated 6 October 2011, Mr. Kwok Ping-sheung, Walter (after defining “Share Interest” to mean his share interest in the Company) stated as follows:

“...my understanding of the Share Interest that I should have is differed [sic] from the recent information provide to me by the HSBC Trustee (C.I.) Limited (“HSBCCI”). HSBCCI has refused to furnish me information which demonstrates their claim of my Share Interest. HSBCCI is the Trustee of the Trust which holds all the share interest of SUNeVision of the whole Kwok family. There is clearly a serious dispute (the “Dispute”) in my Share Interest and accordingly I am advised not to endorse any information relating to any Share Interest pending the outcome of the settlement of the Dispute.”

- (2) By a letter from Mr. Kwok Ping-sheung, Walter to the Company dated 27 October 2011, in response to a statement of disclosure of interests sent by the Company to Mr. Kwok Ping-sheung, Walter for reconfirming his interests and short positions in shares and in respect of equity derivatives, underlying shares and debentures of the Company and its associated corporations as of 30 September 2011, Mr. Kwok Ping-sheung, Walter repeated the following:

“There is clearly a serious dispute (the “Dispute”) in the Share Interest and accordingly I am advised not to endorse any information relating to any Share Interest pending the outcome of the settlement of the Dispute.”

The interests of Mr. Kwok Ping-sheung, Walter in SHKP as disclosed here is based on the latest form of disclosure notification dated 23 September 2009 given under Part XV of the SFO.

7. These shares were held by a company which is obliged to act in accordance with the instructions of Mr. Chan Kui-yuen, Thomas.
8. These shares were jointly held by Mr. Siu Hon-wah, Thomas and his spouse.
9. These shares were jointly held by Mr. Kwok Kwok-chuen and his spouse.

**(b) SmarTone Telecommunications Holdings Limited (“SmarTone”)**

Name of Director	Number of shares held		Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.09.2012
	Other interests	Total			
Kwok Ping-luen, Raymond	4,475,534 <sup>1</sup>	4,475,534	–	4,475,534	0.43

Note:

1. Mr. Kwok Ping-luen, Raymond was deemed to be interested in these shares in SmarTone by virtue of him being a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.

**(c) Each of Messrs. Kwok Ping-luen, Raymond and Kwok Ping-kwong, Thomas had the following interests in shares of the following associated corporations of the Company:**

Name of associated corporation	Attributable holding through corporation	Attributable % of shares in issue through corporation as at 30.09.2012	Actual holding through corporation	Actual % interests in issued shares as at 30.09.2012
Splendid Kai Limited	2,500	25	1,500 <sup>1</sup>	15
Hung Carom Company Limited	25	25	15 <sup>1</sup>	15
Tinyau Company Limited	1	50	1 <sup>1</sup>	50
Open Step Limited	8	80	4 <sup>1</sup>	40

Note:

1. Messrs. Kwok Ping-luen, Raymond and Kwok Ping-kwong, Thomas were deemed to be interested in these shares, which represented the same interests and were therefore duplicated between these two Directors for the purpose of Part XV of the SFO. These shares were held by corporations under certain discretionary trusts, in which Messrs. Kwok Ping-luen, Raymond and Kwok Ping-kwong, Thomas were deemed to be interested by virtue of them being beneficiaries for the purpose of Part XV of the SFO.

Save as disclosed above, as at 30 September 2012, none of the Directors or chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## Share Option Schemes

### 1. SHARE OPTION SCHEMES OF THE COMPANY

The Company once adopted a share option scheme (the "Old Scheme"). By shareholders' ordinary resolutions passed at the annual general meeting of the Company held on 3 December 2002, the Company had adopted another share option scheme (the "New Scheme") and terminated the Old Scheme. These have become effective on 5 December 2002 as a result of the passing of ordinary resolutions approving the same by the shareholders of SHKP, the Company's holding company, at its extraordinary general meeting held on the same day. All outstanding share options granted under the Old Scheme had expired prior to the period under review.

During the three months ended 30 September 2012, there were no outstanding share options under the New Scheme.

### 2. ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the share option schemes as mentioned above, at no time during the three months ended 30 September 2012 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

## Interests of Substantial Shareholders

As at 30 September 2012, the interest of the persons, other than Directors or chief executive of the Company, in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO, or otherwise notified to the Company were as follows:

Name	Number of shares held	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.09.2012
Sunco Resources Limited <sup>1</sup> ("Sunco")	1,719,427,500	1,719,427,500 <sup>2</sup>	3,438,855,000	148.08
SHKP <sup>3</sup>	1,719,427,500	1,719,427,500 <sup>2</sup>	3,438,855,000	148.08
HSBCCI <sup>4</sup>	1,721,567,500	1,719,427,500 <sup>2</sup>	3,440,995,000	148.17

Notes:

1. Sunco is the beneficial owner of the 1,719,427,500 shares of the Company and the derivative interests referred to in Note 2 below.
2. These represented the interests in the underlying shares of the Company in respect of the Convertible Notes (which are unlisted, non-transferable, irredeemable and physically settled equity derivatives) in the amount of HK\$171,942,750 convertible into 1,719,427,500 shares of the Company at the conversion price of HK\$0.10 per share (subject to adjustment in accordance with the Deed Poll constituting the Convertible Notes) upon the exercise of the conversion rights attached to the Convertible Notes.
3. As Sunco is a wholly-owned subsidiary of SHKP, SHKP is deemed to have interest in the 3,438,855,000 shares of the Company (including 1,719,427,500 underlying shares referred to in Note 2 above) held by Sunco for the purpose of Part XV of the SFO.
4. As HSBCCI is entitled to control the exercise of one-third or more of the voting power at general meetings of SHKP, HSBCCI is deemed to have interest in the 3,438,855,000 shares of the Company (including 1,719,427,500 underlying shares referred to in Note 2 above) held by SHKP for the purpose of Part XV of the SFO.

Save as disclosed above, as at 30 September 2012, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## Interests of Other Persons

During the three months ended 30 September 2012, other than the interests in shares and underlying shares of the Company and its associated corporations held by the Directors, the chief executive and the substantial shareholders of the Company stated above, there were no other persons with interests recorded in the register required to be kept under Section 336 of the SFO.

## Interests in Competing Business

Professor Li On-kwok, Victor, an Independent Non-Executive Director of the Company, is a well recognised leader in the field of information technology development and has been appointed to various positions including consultants and directors to institutions and business entities which are engaged in research, development and relevant business. These institutions and business entities may be in competition with the Group.

Save as disclosed in this section, none of the Directors or the controlling shareholders of the Company or their respective associates as defined in the GEM Listing Rules has any interest in any business which competes or may compete with the business of the Group.

## Audit Committee

The Audit Committee has four members comprising three Independent Non-Executive Directors, Mr. Wong Kai-man (Chairman of the Committee), Professor Li On-kwok, Victor and Professor King Yeo-chi, Ambrose and one Non-Executive Director, Mr. Cheung Wing-yui, with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed this report and has provided advice and comments thereon.

## Purchase, Sale or Redemption of the Company's Listed Securities

During the three months ended 30 September 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

On behalf of the Board

**Kwok Ping-luen, Raymond**

*Chairman*

Hong Kong, 7 November 2012

*As at the date of this report, the Board of the Company comprises five Executive Directors, being KWOK Ping-luen, Raymond, TSIM Wing-kit, Alfred, TUNG Chi-ho, Eric, WONG Chin-wah and SO Wai-kei, Godwin; four Non-Executive Directors, being KWOK Ping-sheung, Walter, CHEUNG Wing-yui, SIU Hon-wah, Thomas and John Anthony MILLER; and five Independent Non-Executive Directors, being LI On-kwok, Victor, KING Yeo-chi, Ambrose, WONG Kai-man, KWOK Kwok-chuen and MA Kam-sing, Allen.*



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